

**Testimony of Alice Fisher
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United States Department of Justice
on March 11, 2003**

**Subcommittee on Oversight and Investigations
Committee on Financial Services**

United States House of Representatives

Madam Chair, Mr. Vice Chair, and Ranking Member Gutierrez, I am honored to be here.

My name is Alice Fisher, and I serve as the Deputy Assistant Attorney General in the Criminal Division, where I oversee the Counterterrorism Section and one of its components, the DOJ Terrorist Financing Task Force. I appreciate the opportunity to discuss our progress in the area of terrorist financing.

The Department of Justice targets the financiers of terrorism as aggressively as those terrorists who commit violent acts. We make no distinction between those who carry out terrorist attacks and those who knowingly support, manage, or supervise terrorist organizations. Currently, the Department is pursuing over 70 criminal terrorist financing or material support investigations. Over the past 18 months, the Department of Justice has charged 61 individuals in cases involving terrorist support, to such groups as *al Qaeda*, Hamas, Hizballah and Palestinian Islamic Jihad, or "PIJ." The Department has also charged 33 persons in cases involving the terrorism-related sanctions program of the International Emergency Economic Powers Act, or "IEEPA." Finally, the Department has charged over 20 individuals with illegally operating an unlicensed money remitting service, or "hawala." All of these charged individuals face substantial penalties, including lengthy prison sentences. Our message is clear: we will bring justice to the full network of terror.

The Justice Department's Terrorist Financing Enforcement Program involves two critical and complementary areas: (1) developing intelligence about terrorists and their financial supporters and (2) combining this intelligence with other evidence to disrupt terrorist financing through aggressive criminal, civil and regulatory law enforcement in United States courts. The successes that I will outline below demonstrate the achievements of the Terrorist Financing Task Force, the U.S. Attorney's Offices and the FBI's Terrorist Financing Operations Section, who have used both intelligence and enforcement in an effort to cripple those terrorist organizations who seek to harm.

Material Support Charges

One of the most powerful tools against terrorist financing is the crime of "providing material support" to terrorists, 18 U.S.C. section 2339B. Thanks to Congress, in enacting the USA PATRIOT Act, this crime now carries a penalty of up to 15 years and, in some instances, life imprisonment. This statute allows law enforcement to act early, during the stages of planning and development, rather than waiting for terrorist attacks to occur.

The Department of Justice has used the material support offense to disrupt terrorist *ji*had cells in Buffalo, Portland, Seattle, Detroit, and in the recently concluded case of John Walker Lindh. We have also used it in drugs-for-weapons plots in Houston and San Diego. Just last week in North Carolina, in the first § 2339B case to be decided by a jury, the court sentenced Mohammed Hammoudeh, the leader of the Charlotte Hizballah cell, to 155 years in prison.

It is useful to look at some of the specifics of these cases to address this Subcommittee's interest in what the Department has learned about how terrorist organizations obtain support and how the Government can try to cut off such support. Although we are involved in the process of designating terrorist groups for international asset-freezing purposes and defending any civil challenges, I am going to focus on criminal prosecutions, and cases that involved funding to *al Qaeda*, PIJ, and Hizballah.

1. The Brooklyn *al Qaeda* funding case. Last week the Department of Justice announced that charges of material support to *al Qaeda* and Hamas had been brought in federal court in Brooklyn, New York against two Yemeni nationals, Mohammed Ali Hasan Al-Moayad and Mohshen Yahya Zayed, who were arrested in Germany following an undercover sting. As the complaint alleges, al-Moayad claimed to have personally provided \$20 million to Usama Bin Laden. Using an undercover informant, the FBI captured Al-Moayad boasting about his involvement in providing money, recruits and supplies to *al Qaeda*, Hamas and other terrorist groups, in part from monies he collected from collections at the Al Farouq mosque in Brooklyn. He also claimed to be Usama Bin Laden's spiritual advisor.

2. The Tampa PIJ Funding Case. In Tampa, Florida, we recently obtained charges against Sami Al-Arian and seven other persons, including three of the main overseas leaders of the Palestinian Islamic Jihad. As the indictment details, the Palestinian Islamic Jihad is responsible for the murder of over 100 innocent people, including a 20-year-old American student. Like HAMAS, PIJ rejects peace as a solution to the Israeli-Palestinian conflict, and has engaged in a campaign of suicide

bombings and armed attacks that have taken the lives of hundreds of innocent victims. The Tampa defendants are charged with a racketeering conspiracy, with conspiracy to commit murder, and with conspiracy to provide material support to PIJ.

As detailed in the indictment, Sami Al Arian, as a PIJ leader and Secretary of the Shura Council – the worldwide governing body for PIJ – attended conferences, spoke openly of his hatred for Israel and of the need for its violent destruction, and actively engaged in PIJ operations. He spoke to PIJ's leaders by phone, helped them with financial matters, resolved internal disputes, raised and sent funds, and used his fax machine to help the group claim credit for terrorist attacks. When Fathi Shirqaqi, PIJ's worldwide leader was killed in 1995, his role was assumed by defendant Ramadan Shallah, a visiting scholar who, just months before, had been employed in Tampa by Al-Arian's tax deductible charitable foundation.

When PIJ was designated as a Foreign Terrorist Organization in 1997, Al-Arian attempted to adopt the voice of moderation and denied that he was ever affiliated with PIJ or acquainted with any of its leaders such as Shirqaqi and Shallah. Unfortunately for Al-Arian, the court-approved electronic surveillance of his office remained in place, while he continued to engage in the same conversations, with these same PIJ leaders, about the same type of matters as he did before PIJ was publicly branded a terrorist group.

The 121-page indictment consists, in large part, of words coming out of the defendants' own

mouths and word processors, in communications they believed at the time to be strictly between friends. The USA PATRIOT Act and a recent judicial opinion changed that situation. Congress deserves thanks for creating the legal mechanisms that permitted us to bring this case.

3. The Charlotte Hizballah Funding Case. Finally, a word about the Charlotte Hizballah case that, as I mentioned, recently resulted in a 155-year sentence for the main defendant. What started out as a suspicion noted by a local, off-duty sheriff ultimately uncovered a massive cigarette smuggling and tax evasion scheme involving several Lebanese men. In pursuing that interagency investigation, which involved the sale of these untaxed cigarettes at deep discounts in Michigan, the federal prosecutors were approached by FBI intelligence agents with a rather surprising fact: their fraud subjects were part of a Hizballah cell which had received instructions from and provided financial support to well-known terrorists in Beirut, and their activities had been captured through electronic surveillance. The investigation led to Canada, where the Canadian government had been monitoring some of these same subjects purchasing material, including: night vision devices; mine and metal detection equipment; video equipment; advanced aircraft design software; computers and communications equipment; stun guns; drilling and blasting equipment; military lensatic compasses and global positioning systems; optical equipment; laser range finders; and radar systems. An unprecedented level of cooperation from Canadian intelligence that also involved electronic methods led to the conviction of 18 individuals of a number of crimes – included material support charges.

We may never know for sure whether the Charlotte Hizballah case prevented terrorist acts or

the loss of innocent lives. We do know, however, that Hizballah relied on U.S.-based operatives and support, that some of the funds illegally sent to Hizballah overseas derived from criminal activity, and that the Charlotte cell's leader will never have an opportunity to assist this or any other terrorist group again.

These developments would not have been possible without dedicated state law enforcement officers who acted on their hunch. Nor would these successes have been possible without a strong FBI intelligence apparatus that was keeping electronic tabs on people operating in the U.S. as agents of foreign terrorist organizations. This case again demonstrates the power of international cooperation.

Other Charity Prosecutions

As terrorist organizations have been named on U.S. lists, their operatives have been forced to find other ways of raising funds. Not surprisingly, some of them have turned to U.S.-based charities. We have taken law enforcement action against some of them, including the Holy Land Foundation for Relief and Development, whose chairman is currently under indictment (along with his co-defendant, HAMAS leader Mousa Abu Marzook) in Dallas for prohibited financial dealings with terrorists). Benevolence International Foundation's Executive Director, Enaam Arnaout, recently pleaded guilty in Chicago to operating his charity as a Racketeer Influenced Corrupt Organization (RICO) enterprise and failing to tell donors that their money was being used to support violent *jihad*. A few weeks ago, Dr. Rafil Dhafir and three others were charged in Syracuse with using their charity, "Help the Needy,"

to illegally transfer monies to Iraq.

Prosecuting Hawala

Section 373 of the USA PATRIOT Act has emerged as a stalwart force against the operation of unlicensed money transmitters, sometimes known as *hawalas*, and is a key tool in our law enforcement arsenal where evidence of terrorist support is unavailable. Before passage of the USA PATRIOT Act, only two matters had been charged under 18 U.S.C. § 1960 (“prohibition of illegal money transmitting businesses”). Since the PATRIOT Act amendments, there have been almost two dozen persons charged, including:

- Mohamed Hussein, a representative of the al Barakaat financial network that was designated as terrorist-affiliated, who was convicted in April 2002 for operating an unlicensed foreign money transmittal business which transmitted some transmitting \$3 million to the United Arab Emirates. Hussein was sentenced to 18 months in prison, followed by two years of supervised release;
- Persons affiliated with the Al-Sheiffa Family Trust, charged in Seattle with operating an underground money transfer network that is believed to have funneled roughly \$13 million to Iraq; and
- Fifteen defendants in Brooklyn and three in Buffalo, charged for their involvement in illegal money transmitting business involving Yemen.

Intelligence Gathering

The intelligence gathering aspects of the terrorist financing enforcement program are likewise

essential to the prevention of future terrorist acts. Suspected terrorist financiers and supporters within the United States are monitored by a nationwide program managed by the Counterterrorism Division of FBI Headquarters, with the assistance of the Justice Department's Office of Intelligence and Policy Review and the Counterterrorism Section of the Criminal Division. This program uses all surveillance tools and methods available, including those authorized under the Foreign Intelligence Surveillance Act of 1978 to develop information on anyone in the United States believed to be acting on behalf of a foreign terrorist organization or a state sponsor of terrorism.

Classified information developed by the FBI's Counterterrorism Division is now being shared with agents and prosecutors involved in criminal law enforcement functions. This greater sharing of information is the result of statutory changes to the Foreign Intelligence Surveillance Act that resulted from the passage of the USA PATRIOT Act, along with a recent decision of the Foreign Intelligence Surveillance Court of Review, which upheld improved information sharing procedures that we promulgated within the Department. Working with FBI agents, prosecutors around the country now systematically review this intelligence with the goal of determining how best to stop the flow of funds to terrorists.

Lessons Learned

Our terrorist financing efforts so far have illustrated a number of lessons. First, terrorist

supporters are adaptive, and they exploit weakness in our financial and legal systems in reaction to U.S. efforts to disrupt their operation. When the U.S. began promulgating lists of terrorists and barring financial transactions with them, the terrorist supporters almost immediately stopped their open support and instead established or took over U.S.-based charities. Second, terrorist supporters often generate funds through fraudulent activity. Finally, a collaborative action, involving the synthesis of intelligence and law enforcement tools, cooperation between state and federal personnel, and a recognition that the terrorist financing problem knows no international boundaries is absolutely essential if we are to defeat terrorism in all of its forms.

Conclusion

To conclude, all of these cases, taken together, illustrate the interplay among a number of factors relevant to our terrorist financing criminal enforcement. The tragic events of September 11 made clear how necessary it is for us to bring these various factors to bear in our law enforcement efforts. We are now beginning to reap the benefits. Information developed in the course of foreign intelligence can now be reviewed by law enforcement personnel and, in appropriate circumstances, declassified for use in court proceedings. State and federal law enforcement are working together in counterterrorism efforts like never before. Our international partners have joined us not only to freeze terrorist assets but also to meet specific evidentiary needs in particular criminal matters. These factors were made possible by the USA PATRIOT Act and counterterrorism funds authorized by Congress. For these tools and funds, we are sincerely grateful, and the American people should be as well.

I once again thank the Subcommittee for the opportunity to describe the Criminal Division's efforts in the area of terrorist financing. I am happy to try to answer your questions.